

BUREAU OF WATER PROTECTION AND LAND REUSE
OFFICE OF THE BUREAU CHIEF

JAN 29 2010



100 South Turnpike Rd. Wallingford, CT 06492
5 Saint John St. North Haven, CT 06473
203.269.9891 or 203.234.0332
Fax 203.269.1358
www.quinncham.com

January 25, 2010

Paul Stacy
Bureau of Water Protection & Land Reuse
State Department of Environmental Protection
79 Elm Street
Hartford, CT 06106

Re: STREAM FLOW REGULATIONS PA 05-142

Dear Mr. Stacey:

The Quinnipiac Chamber of Commerce urges rejection of the proposed stream flow regulations, which would impose significant and costly burdens on the states economy. We serve more than 800 member companies from the North Haven and Wallingford area and are the largest non-metropolitan chamber in the state.

PUBLIC WATER SUPPLY NEEDS OF CITIZENS AND BUSINESSES - The proposed regulations would undermine Connecticut's economy by requiring the states public water suppliers to release to streams significant quantities of water that are needed for public health, safety, industry and agriculture. Hospitals, nursing homes, manufacturers, restaurants and other businesses of all sizes and types rely on a safe, adequate supply of potable water to operate their businesses and meet the needs of their customers. However, the proposed stream flow regulations would significantly reduce the amount of water available to meet these needs.

Although Public Act 05-142, which called for DEP to update the states minimum flow regulations, requires the state to balance the need to protect aquatic life with the needs of public health, safety, agriculture and business, the regulations as proposed clearly do not achieve this balance. Although we support efforts to protect aquatic habitats, regulations must be crafted in a balanced, open manner that also ensures that the public water supply needs of our citizens and businesses are met.

CONNECTICUT ECONOMY - Connecticut faces significant challenges in creating a competitive business climate due to high taxes, unemployment and workers compensation costs as well as escalating energy and housing costs. Connecticut lost 88,200 jobs since the recession began in March 2008, including 15,000 in the current 2010 fiscal year. And, according to the state Department of Labor, the deepening recession is causing job losses in almost every industry sector and region of Connecticut. We need to focus our leadership on the serious problems immediately facing this state in order to build a more competitive business climate. It is our understanding that less than 1% of the streams in Connecticut are documented as having flow impairment issues.

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Given the magnitude of the states economic and budgetary problems, and the limited scope of stream flow impairments, we urge policymakers to put aside the comprehensive stream flow regulations and, instead, focus on revitalizing Connecticut's economy back on track. This will give DEP staff the opportunity to analyze those streams with flow impairment issues and develop a targeted, manageable approach to addressing such issues without further derailing the economy.

STATE BUDGET CRISIS-Given a budget deficit that is projected to reach between \$3.2 and \$3.4 billion by Fiscal Year 2012, the state needs to reduce the size and cost of government and focus on providing core services to Connecticut residents and businesses. It does not seem at all plausible that the state Department of Environmental Protection and other state agencies with cognizance over public water supplies, such as the state Department of Public Health and the state Department of Public Utility Control, can implement the proposed regulations within existing appropriations, as indicated in the fiscal note. We therefore urge the department and policymakers reviewing the proposed regulations to call for the preparation of a reasonable fiscal analysis to determine the actual costs of implementing the regulations. In addition, the fiscal note minimizes the enormous costs that towns and cities served by municipal water departments will face in modifying dams and other infrastructure and in developing new sources of supply to comply with the regulations. In fact, all towns and cities will face increased costs for water service and fire service, as well as costs for enforcing water use restrictions, which is not reflected in the fiscal note.

COMPLIANCE COSTS- The proposed stream flow regulations would require water suppliers to make sizable capital investments in new infrastructure, the sole purpose of which would be to achieve metered releases of water to streams. The operation and maintenance of these facilities would also increase water supplier's monthly costs. None of these added costs would produce any benefits for water customers, in terms of improved service or quality. In cases where the regulations would result in water suppliers Margins of Safety dropping below acceptable levels, these suppliers would face significant costs to develop additional sources of supply, if such sources were in fact available.

Compliance with the proposed regulations would compel water suppliers to increase their rates in order to recover the costs discussed above. This would add to the already high cost of doing business in Connecticut. In addition, companies that are large water users would face strict mandates on the amount of groundwater they withdraw and on the amount of water they will be required to release.

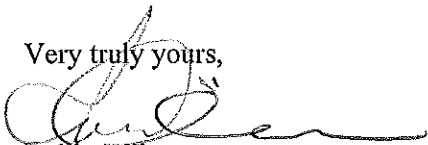
REGULATORY FAIRNESS - Last year, the legislature unanimously approved HB-5930 to give small employers a voice early on in the rulemaking process to help create a regulatory environment that nurtures the growth of small businesses. Small businesses in Connecticut are responsible for creating over 90% of all new jobs in Connecticut in the last ten years. Unfortunately, the state has witnessed a record number of small businesses closing their doors. While this can be attributed to a variety of economic woes, small businesses often cite the staggering amounts of time and resources that must go into complying with complex and often confusing state regulations as a major barrier to competitiveness.

To address this, the new law requires agencies to publish a fiscal note with proposed regulations, outlining the impact on small businesses in the state, including an estimate of the number of small businesses subject to the proposed regulation and the projected costs, such as reporting, recordkeeping and administrative, associated with compliance with the proposed regulation. By considering the impact on small businesses and consulting with small businesses as part of the rulemaking process, agencies will be able to craft regulations that meet their goals without unduly burdening small businesses.

The small business regulatory analysis prepared by DEP, however, does not appear to comply with the requirements of the new law. We therefore urge policymakers to request compliance with this act before moving forward with any new regulations.

As stated above, the Chamber supports the DEPs objective of improving stream and river ecology. However, we feel that the critical mission of ensuring an adequate water supply for Connecticut's future demands a much more thorough evaluation of the impacts on our state of such a major change in water management policy. We request that the DEP return to the policy making process in order to develop truly balanced regulations that would fully address the concerns we have outlined above.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Robin Wilson', written over a horizontal line.

Robin Wilson
President & CEO
Quinnipiac Chamber of Commerce
100 S. Turnpike Road
Wallingford, CT 06492
Tel. 203-269-9891